MINUTES OF THE
BOARD OF COMMUNITY HEALTH MEETING
February 14, 2008

Members Present

Richard Holmes, Chairman
Ross Mason, Vice Chairman
Dr. Inman "Buddy" English
Kim Gay
Frank Jones
Dr. Ann McKee Parker
Raymond Riddle
Richard Robinson
Archer Rose

The Board of Community Health held its regularly scheduled monthly meeting at the Department of Community Health, Fifth Floor Board Room, 2 Peachtree Street, N.W., Atlanta, Georgia. Commissioner Rhonda Medows was present. (An agenda and a list of Attendees are attached hereto and made official parts of these Minutes as Attachments #1 and #2). Chairman Holmes called the meeting to order at 10:39 a.m.

Approval of Minutes

The Minutes of the January 10, 2008 Meeting were UNANIMOUSLY APPROVED AND ADOPTED.

Chairman's Comments

Chairman Holmes introduced two new board members—Raymond Riddle, a retired bank executive, who will serve on the Audit Committee, and Archer Rose, a retired hospital executive, who will serve on the Care Management Committee.

Committee Reports

Mr. Jones, Chairman of the Audit Committee, reported that the committee discussed two main issues—an OPEB Resolution for the board's approval and the Audit Committee Charter. Mr. Jones said the Audit Committee recommends approval of the Resolution which Carie Summers, CFO, will present to the full board today. The Committee also reviewed and recommended changes to the Audit Committee charter. The Committee will present the charter to the full board at the next meeting.

Ms. Gay, Chair of the Care Management Committee reported that Myers and Stauffer LLC gave an update on the CMO Audit that will be given to the board. The Committee also discussed trend updates.

Commissioner's Comments

Dr. Rhonda Medows, Commissioner of DCH, said the key issues before the Department will be addressed by staff presentations to the board: status of the FY 08 Amended and FY 09 Budgets, a report from the external auditors who are assessing the Managed Care programs, and Certificate of Need rule changes. She said there are no new announcements or changes to the SCHIP/PeachCare for Kids Program nor are there any changes or new announcements to Fee-for-Service Medicaid. Dr. Medows also reported that the State Health Benefit Plan is in the midst of a procurement for a plan administrator.

Chairman Holmes asked Jared Duzan and Beverly Dilley of Myers and Stauffer to give an update on the activities of the CMO Audit. Ms. Dilley said the Department engaged Myers and Stauffer LC to study and report on specific aspects of the Georgia Families program. Myers and Stauffer issued an interim report on January 14 that was placed on the DCH web site. The purpose of the report was to accumulate and validate the concerns and issues from providers and to meet with both the providers and CMOs to get a good understanding of the issues. Myers and Stauffer are currently receiving claims date from each of the CMOs and are analyzing that data. The goal is to provide the Department with quantitative measures of various aspects of the Georgia Families Program. In addition to the claims data analysis, the audit also includes a comparative analysis of policies and procedures of six other states who

have managed care programs. Myers and Stauffer anticipate issuing the two hospital reports by mid to late April 2008.

The next phase of the audit is the Physician Phase. Myers and Stauffer has sent invitations to 11 physician associations to meet with physician association groups on February 27-28, 2008. These meetings will provide physicians opportunities to express their observations, including issues and concerns, with the Georgia Families program. The physicians will have until March 21 to submit their issues and supporting documentation for inclusion in the analysis. The findings related to the physician claim analysis are expected to be available in July 2008.

Chairman Holmes asked Ms. Dilley for a summary of the frequency of issues. Ms. Dilley responded that most issues expressed centered on prior approval, timeliness of claims, emergency room utilization, and poor communication between the providers and CMOs.

Department Updates

Chairman Holmes asked Carrie Downing, Legislative and External Affairs Director, to give the legislative update. Ms. Downing said the DCH legislative packet includes only two bills. She will update the board next month on the status of the bills as they are currently are not in the process.

The first bill relates to the Georgia Volunteer Health Care Program (GVHCP). This legislation amends the statute to allow DCH discretion over contracting with health care professionals sanctioned with serious board actions in an effort to afford greater protection to the patients within the program. Another portion of this bill relates to other retired health care professionals. Currently, the various licensing boards are not required to take action on special licenses to allow retirees to participate in the GVHCP. This amendment would allow licensing boards to take action; therefore tapping into a potentially large source of volunteers that could participate in the GVHCP.

The second bill relates to the State Health Benefit Plan (SHBP) Consumer Choice Option. The Department is seeking to consolidate the Consumer Choice Option. This change would reduce the number of options DCH administers from 17 to 9. There are about 6,000 members enrolled in the Consumer Choice Option; of that, only about 5 percent actually exercise that option.

Ms. Downing said overall, the Department is tracking hundreds of bills related to healthcare; however there are a few DCH is monitoring very closely.

- There are two bills that seek to eliminate or change prior authorization for medications. Medication Prior Authorization (PA) programs are designed to ensure clinically appropriate and cost-effective use of medications. The Department has provided testimony and will monitor these bills closely to ensure that the pharmacy benefit is managed well.
- DCH is monitoring the Health Insurance Partnership (a budget item) which is a three-tiered insurance model to allow small businesses to offer health care to its employees. The cost of the insurance plan will be shared by the employee, employer and a combination of state and federal funds.
- The Lieutenant Governor has two bills that DCH is following. One relates to the Georgia Health Marketplace (GHM) which creates a web-based clearinghouse for healthcare products and is focused on encouraging uninsured Georgians to obtain health insurance and educating them on the importance of being insured. The Healthcare Safety Net program would offer grant opportunities for existing clinics and new clinics interested in opening a Safety Net Clinic as an alternative for indigent patients with non-emergency symptoms.
- The Insuring Georgia's Families Act creates tax incentives for employers to offer health savings accounts, high deductible plans and incentivize wellness.

Ms. Downing concluded her report after addressing questions from the board. (A copy of the 2008 Legislative Agenda Presentation is attached hereto and made an official part of these Minutes as attachment # 3.)

Next Chairman Holmes called on Carie Summers, Chief Financial Officer, for an update on the Governor's Recommendations for the FY 08 Amended and FY 09 Budgets. She reviewed major changes made by the Governor's Budget to the Department's original requests. The Governor's Amended FY 08 Budget reduces the DCH by $81 million or 3.3%. The Amended budget would total about $11.8 billion if approved by the General Assembly; of that amount $2.4 billion is state appropriations. Ms. Summers reviewed the Additions, Reductions and Transfers in the FY 08 Amended Budget.

Ms. Summers continued with the FY 2009 Budget. She said if the Governor's

Recommendations are followed, the Department's budget would be about $12.4 billion total Funds ($2.5 billion state funds—an 8.5% increase as compared to the FY 08 Budget. Ms. Summers reviewed the highlights of the Governor's Budget recommendations by program.

Ms. Summers moved on to the Resolution for Segregation of the SHBP Fund Balance and Establishment of Contributions to the Georgia Retiree Health Benefit Fund. This resolution has three purposes:
1. Segregate the June 30, 2007 Healthcare Fund Balance and deposit an amount attributable to retirees in the Georgia Retiree Health Benefit Fund (the "Fund"). About $57 million of the HFB would be moved into the Fund and made available to the Division for long term investment. The remaining $190.4 million of the June 30, 2007 HFB will be retained by the SHBP Healthcare Fund.
2. The Resolution allows for revenues received by SHBP after July 1, 2007, that are attributable to retirees which includes the amount that retirees pay in premiums, together with that amount necessary to cover for their expenses would be moved to the OPEB Trust Fund.
3. Once those dollars are in the OPEB Trust Fund, the Department could charge those expenses of the retirees to that OPEB Trust Fund.
Any dollars that are above and beyond what are necessary to cover liabilities in any given year would be transferred to the Division of Investment Services at the Teachers and Employees retirement systems for long term investment. Vice Chairman Mason MADE a MOTION to adopt the Resolution for Segregation of the SHBP Fund Balance and Establishment of Contributions to the Georgia Retiree Health Benefit Fund. Ms. Gay SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of the Resolution for Segregation of the SHBP Fund Balance and Establishment of Contributions to the Georgia Retiree Health Benefit Fund is attached hereto and made an official part of these Minutes as Attachment # 4).

Ms. Summers began discussion on changes to Indigent Care Trust Fund Rules. Rule 111-3-6-.01 is necessary to reflect the new Disproportionate Share Hospital (DSH) criteria agreed upon by the Board in the public notice approved at the November 8, 2007 meeting. The words "at least one of" are deleted from the definition of disproportionate share hospital. Rule 111-3-6-.03 adds new language to clarify that DSH payments are prospective and are to be used to reimburse hospitals for uncompensated Medicaid and uninsured care that is incurred in the fiscal year that the payment is made. A public hearing was held on January 23, 2008, but no one made public comments nor were there any written comments. Mr. Jones MADE a MOTION to approve for final adoption Rules 111-3-6-.01 and 111-3-6-.03. Vice Chairman Mason SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Rules 111-3-6-.01 and 111-3-6-.03 is attached hereto and made an official part of these Minutes as Attachment # 5).

Chairman Holmes called on Clyde Reese, Health Planning Division Director, to discuss changes to Certificate of Need Rules 111-2-2-.24, 111-2-2-.41, 111-2-2-.42 and 111-2-2-.43. Mr. Reese said these Certificate of Need (CON) rule changes were previously brought to the Board for initial adoption in October of 2007 (with the exception of 111-2-2-.43. The rules went through the rule making process, including the minimum 30-day comment period. A public hearing was held on November 28, 2007. After a review of the written and oral comments submitted in response to the proposed rules, the Department asked the Board not to vote on final adoption of these rules at the December 2007 meeting. The Department asked for time to consider the comments and revise the proposed rules accordingly. The rule making procedure requires a new public comment period if any substantive changes are made to a rule previously released for public comment. The changes made require a new comment period. Thus, these rules are being brought to the Board for initial adoption. A public hearing will be held March 25, 2008.

Rule 111-2-2-.24 is Specific Review Considerations for Perinatal Services. The Department previously proposed that applicants for a Level 1, Basic Perinatal service would not be subject to the need standard, the aggregate occupancy standard, or the adverse impact standard of the Perinatal rules. This was an attempt to promote access to this service in both urban and rural areas to those hospitals that wished to provide basic OB Services that did not currently. The Department received comments that mainly focused on the issues of potential adverse impact of those proposed changes and the impact relaxing those standards on staffing of existing programs and residency training programs. The revised proposed rule provides that an applicant for a Basic Perinatal service in a county with only one hospital or health system offering Level 1 OB services will not be subject to the need standard or the aggregate occupancy standard but would be subject to the adverse impact standard. All other applicants for Basic Perinatal services would be subject to all three standards, as well as the other requirements of the perinatal rules. Dr. Parker MADE a MOTION to approve for initial adoption CON Rule 111-2-2-.24 to be published for public comment. Ms. Gay SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY

APPROVED. (A copy of Rule 111-2-2-.24 is attached hereto and made an official part of these Minutes as Attachment # 6).

Rule 111-2-2-.41 is Service Specific Review Considerations for Positron Emission Tomography Units. This proposed rule is an entire new service specific rule for PET services. These rules went through the Health Strategies Council (HSC) and Technical Advisory Committee (TAC) process. When the rules were brought to the Board in October, there was one point of divergence of what was approved by the HSC and what the Department was proposing. It involved an exception to the need standard for hospitals who would treat as inpatients persons diagnosed with cancer—a broad exception for hospitals from the need standard for PET units—with the intent of broadening access to what the Department considers a state of the art diagnostic tool for cancer and one that would be advantageous to have in many places as possible. After a review of the written and oral comments, the proposed exception to the need standard was modified to read that an applicant hospital who serves as inpatients persons who have cancer will not be subject to the rule need standard if they propose to provide PET services through a contract with a mobile PET provider. The Department also changed the aggregate utilization standard in the proposed rule from a 90% requirement for need to an 80% requirement. Dr. Parker MADE a MOTION to approve for initial adoption CON Rule 111-2-2-.41 to be published for public comment. Vice Chairman Mason SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (A copy of Rule 111-2-2-.41 is attached hereto and made an official part of these Minutes as Attachment # 7).

Rule 111-2-2-.42 is Specific Review Considerations for MegaVoltage Radiation Therapy Services/Units. This proposed rule is an entire new service specific rule for radiation therapy services. This rule went through the Health Strategies Council and the Technical Advisory Committee. One point of divergence between the HSC and the TAC's recommendation and what the Department is recommending is exceptions to the need standard that are contained in the component for non-special MRT services. After a review of the written and oral comments, the Department reinstated the high utilization provider exception to the need standard. However, a provision was inserted that radiation therapy units approved under this need exception would not, prospectively, be included in the calculation of need and aggregate utilization for radiation therapy services so that the Centers of Excellence concept remains, but the additional units added pursuant to this exception do not act as an anti-competitive blocking mechanism for new providers. As a corollary to that, these rules also include provisions for Special MegaVoltage Radiation Therapy Service. When the Department realized that there are new technologies in this area that were not addressed in the Linear Accelerator Radiation Rules that existed, it adopted and promulgated a rule for Stereotactic Radiosurgical Services which is Rule 111-2-2-.43, that would review those stereotactic services under the general considerations. It did not establish a specific need methodology for them, but they would be reviewed under general considerations. These services are now included in the proposed rules for Special MegaVoltage Radiation Therapy Services. If the Special MegaVoltage Radiation Therapy Services rules 111-2-2-.42 are adopted, there will not be a need for Stereotactic Radiosurgical Services Rule 111-2-2-.43 since these services are now included in 111-2-2-.42. If 111-2-2-.42 is adopted 111-2-2-.43 would be repealed. Mr. Jones MADE a MOTION to approve for public comment the initial adoption of CON Rule 111-2-2-.42 and repeal of CON Rule 111-2-2-.43. Mr. Rose SECONDED the MOTION. Chairman Holmes called for votes; votes were taken. The MOTION was UNANIMOUSLY APPROVED. (Copies of Rules 111-2-2-.42 and 111-2-2-.43 are attached hereto and made official parts of these Minutes as Attachments # 8 and 9 respectively).

New Business

Chairman Holmes welcomed the new board members again and asked the board to attend the CON public hearing on March 25.

Adjournment

There being no further business to be brought before the Board, Mr. Holmes adjourned the meeting at 11:59 a.m.

THESE MINUTES ARE HEREBY APPROVED AND ADOPTED THIS THE _____ DAY OF

_____, 2008.

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RICHARD L. HOLMES
Chairman

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Secretary

Official Attachments:

#1 List of Attendees
#2 Agenda
#3 2008 Legislative Agenda Presentation
#4 Resolution for Segregation of the SHBP Fund Balance and Establishment of Contributions to the Georgia Retiree Health Benefit Fund
#5 Rules 111-3-6-.01 and 111-3-6-.03
#6 Rule 111-2-2-.24
#7 Rule 111-2-2-.41
#8 Rule 111-2-2-.42
#9 Rule 111-2-2-.43